

Message Text

PAGE 01 NATO 04449 220138Z

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C O N F I D E N T I A L USNATO 4449

E.O. 11652: GDS79
TAGS: PARM, MCAP, NATO
SUBJECT: MBFR - NATO COST SHARING OF AD HOC GROUP OFFICE IN VIENNA

REFS: A) USNATO 4363, B) STATE 182158, C) USNATO 4130, D) USNATO
4224, E) USNATO 4423

BEGIN SUMMARY. FOLLOWING ADMINISTRATIVE GROUP MEETING ON SEPTEMBER
17 (REPORTED REF A), BUDGETARY ASPECTS GROUP MET TO CONSIDER
INTERNATIONAL STAFF DOCUMENT PB(73)35 (REVISED) (QUOTED REF C).
IN VIEW OF US OPPOSITION TO MODIFIED CIVIL BUDGET COST SHARING
SHOWN THEREIN, GROUP AGREED TO EXAMINE OTHER METHODS OF SHARING
THE COSTS. INTERNATIONAL STAFF WAS INSTRUCTED TO REWRITE THEIR
PAPER, WHICH HAS BEEN PUBLISHED AND FORWARDED DEPT SEPTTEL.
GROUP WILL MEET AGAIN ON 24 SEPTEMBER TO DETERMINE THAT PAPER
NOW INCLUDES POSITIONS OF ALL COUNTRIES AND SHOULD BE
FORWARDED TO CAPITALS AS BASIS FOR FURTHER NEGOTIATION. NOT
SURPRISINGLY, SMALLER ALLIES OPPOSE EQUAL SHARING FORMULA PROPOSED
BY US. END SUMMARY.

1. CHAIRMAN STARTED MEETING WITH SURVEY OF NATIONS WHICH
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PAGE 02 NATO 04449 220138Z

HAD PREVIOUSLY NOT AGREED TO INTERNATIONAL STAFF PAPER ON
BUDGETARY ASPECTS OF AD HOC GROUP IN VIENNA. ALL NATIONS
OTHER THAN US INDICATED THAT THEY COULD APPROVE THE PAPER.
US REP, DREAWING ON REF B, STATED THAT HE COULD AGREE TO STANDARD

CIVIL BUDGET COST SHARING OF ANY EXPENSES ACCEPTED BY ALL MEMBER OF THE CIVIL BUDGET COMMITTEE (CBC) AS PROPERLY CHARGED TO SYG'S RESPONSIBILITY. IN VIEW OF FRENCH POSITION AT CBC MEETING EARLIER ON SEPTEMBER 17, IT APPEARED THAT LITTLE OF THE EXPENDITURE COULD BE APPROVED BY THE FIFTEEN NATO MEMBERS. US BELIEVED THEREFORE THAT IT WAS NECESSARY TO ESTABLISH A SEPARATE BUDGET, NOT PATTERNED AFTER ANY OF THE NATO COST SHARING FOMULAE, TO REFLECT NATIONAL PARTICIPATION IN THE MBFR NEGOTIATIONS. IT WAS THE US POSITION THAT ALL NATIONS SHOULD THEREFORE SHARE EQUALLY IN THE COMMON EXPENSES IN VIENNA NOT CHARGEABLE TO INDIVIDUAL NATIONS OR CBC OR MILITARY BUDGET COMMITTEE (MBC).

2. AFTER INITIAL SHOCK, WHEN BELGIAN REP ASKED IF US WAS REALLY SERIOUS ON PAYING THE SAME SHARE AS LUXEMBOURG AND WAS GIVEN POSITIVE RESPONSE, NATIONAL REPS SETTLED DOWN TO FIND SOLUTION TO WHAT APPEARED TO BE AN IMPASSE. CEULEMANS, NATO FINANCIAL CONTROLLER, INDICATED THAT FRENCH POSITION IN CBC HAD BEEN THAT ANY COMMON NATO EXPENDITURES FOR MBFR SHOULD BE INCLUDED IN BUDGET IN LOW KEY TO AVOID RAISING FRENCH OBJECTIONS. CEULEMANS BELIEVED THAT THIS WOULD NOT PREVENT CBC FROM PAYING A PROPER SHARE TO SUPPORT THE SYG'S REPRESENTATIVE AND HIS REQUIREMENT FOR COMMUNICATIONS IN VIENNA. IT APPEARED, THEREFORE, THAT A SIGNIFICANT SHARE OF THE ANNUAL BUDGET OF SOME \$700,000 WOULD BE REIMBURSED BY NATIONS, MBC, AND CBC ON THE BASIS OF NATIONAL, NATO MILITARY, AND SYG USE. THE REMAINING PORTION OF THE BUDGET COULD BE LOGICALLY DIVIDED AMONG THE NATIONS PARTICIPATING IN MBFR ON THE BASIS OF EQUAL SHARES OR CBC SHARES, OR ANYTHING IN BETWEEN. NATIONAL REPS PRESENT WERE LARGELY IN FAVOR OF THE US PROPOSAL SINCE IT REPRESENTED AN INCREASE IN THE SHARES OF ONLY BELGIUM AND THE NETHERLANDS. THE CANADIAN REP NOTED, HOWEVER, THAT THERE WAS NO REPRESENTATION FROM DENMARK, GREECE, LUXEMBOURG, NORWAY, PORTUGAL, OR TURKEY, AND THAT THOSE NATIONS COULD BE EXPECTED TO OBJECT TO RATHER LARGE INCREASES IN THEIR SHARES.

3. IN VIEW OF COMPLETELY NEW APPROACH TO THE COST SHARING
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PAGE 03 NATO 04449 220138Z

PROBLEM AND OF ABSENCE OF REPRESENTATIVES FROM COUNTRIES WHICH COULD BE EXPECTED TO OBJECT TO THE US PROPOSAL, IT WAS AGREED THAT THE INTERNATIONAL STAFF WOULD PUBLISH A MODIFIED PROPOSAL, AS WELL AS AN ESTIMATION OF THE PROBABLE BUDGETARY COSTS FOR THE VIENNA OPERATION (REPLACING PREVIOUS ESTIMATES QUOTED REF D). THESE PAPERS HAVE BEEN PUBLISHED AND FORWARDED TO DEPARTMENT (REF E).

4. GROUP WILL MEET ON SEPTEMBER 24 TO GIVE NATIONAL REPRESENTATIVE ADDITIONAL OPPORTUNITY TO EXCHANGE VIEWS AD REFERENDUM PRIOR TO SEEKING COMMENTS FROM CAPITALS. MISSION INTENDS, UNLESS OTHERWISE INSTRUCTED, TO ACCEPT MAG(WP)3, WHICH INCLUDES AS ALTERNATE D THE US PROPOSAL FOR EQUAL SHARING

OF COSTS.

5. SMALLER COUNTRIES HAD THEIR SAY AT SEPTEMBER 18
SPC MEETING. LUXEMBOURG, GREECE, AND TURKEY SAID THAT EQUAL-
SHARING FORMULA WOULD BE COMPLETELY UNACCEPTABLE. CANADIAN REP
URGED THAT SOME MIDDLE PATH BE FOUND BETWEEN EQUAL-SHARING AND
STANDARD FORMULAE FOR THE NATO MILITARY OR CIVIL BUDGETS.
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